

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Suspension or Revocation of	)	No. CR 2014-00500
the Licenses to Conduct Gambling Activities of:	)	
	)	
Lucky Dragonz Casino	)	<b>SETTLEMENT ORDER</b>
Seattle, Washington,	)	
	)	
Licensee.	)	
_____	)	

The Washington State Gambling Commission and the licensee, Lucky Dragonz Casino, enter into this Settlement Order to resolve the administrative charges issued against the licensee. Gregory J. Rosen, Assistant Attorney General, and Melinda Froud, Staff Attorney, represent the Gambling Commission. Norman Feirstein, Attorney, represents Lucky Dragonz Casino.

I.

The Washington State Gambling Commission issued Lucky Dragonz Casino, Organization Number 00-23001, the following licenses:

- Number 53-21262, authorizing Class Commercial Amusement Games "A1" activity;
- Number 67-00323, authorizing Class "15" House Banked Cardroom activity; and
- Number 65-07413, authorizing Class "F6" Public Cardroom activity.

The licenses expire on June 30, 2015, and were issued subject to the licensee's compliance with state gambling laws and regulations.

II.

The Director issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee on July 1, 2014. The licensee received the Notice, and on July 15, 2014, Commission staff received the licensee's request for hearing.

III.

The following summary of facts and violations were alleged in the Notice of Administrative Charges:

**SUMMARY:**

Lucky Dragonz Casino extended credit and also failed to comply with numerous Internal Control procedures.

## **VIOLATIONS:**

### **1) RCW 9.46.075 Denial, suspension, or revocation of license, permit**

The commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: (The following subsection applies.)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

### **2) WAC 230-03-085 Denying, suspending, or revoking an application, license or permit.**

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

### **3) WAC 230-06-035 Credit, loans, or gifts prohibited.**

(The following subsection applies.)

(1) Licensees, employees, or members must not offer or give credit, loans, or gifts to any person playing in an authorized gambling activity or which makes it possible for any person to play in an authorized gambling activity.

### **4) WAC 230-15-158 Ensuring card room employees meet license requirements.**

(The following subsection applies.)

Card game licensees must not allow any person to perform the duties of card room employee<sup>1</sup> until they have met our licensing requirements.

<sup>1</sup> WAC 230-03-265 Applying for a card room employee license.  
(The following subsection applies.)

You must apply for a card room employee license if you will be involved in the operation of a:

(3) House-banked card room; and

(4) You perform any of the following functions:

(h) Taking part in the operation of a card game.

**5) WAC 230-15-645 Keeping a key control log.**  
(The following subsection applies.)

House-banked card game licensees must keep a key control log in the format we require to record the use and return of keys used to control access to restricted areas.

**6) WAC 230-15-750 Signature requirements for documents, records, and forms.**  
(The following subsections apply.)

- (1) House-banked card game licensees must document each transfer of cash, coins, or chips and verify the transfer with the signature(s) of individual(s) responsible for the records.
- (2) By signing documents, records, and forms, signers are indicating that they:
  - (a) Have prepared them according to the requirements of the accounting system and internal controls; and/or
  - (b) Attest to the accuracy of the information recorded for which they are responsible..

**7) WAC 230-15-425 Internal controls.**  
(The following subsection applies.)

- (1) House-banked card game licensees must:
  - (c) Follow all ICs at all times

**8) WAC 230-15-320 Surveillance room requirements for house-banked card game licensees.**  
(The following subsection applies.)

House-banked card game licensees must maintain one or more surveillance rooms. They must:

- (3) Ensure that a surveillance employee is present in the room and monitoring activities using the equipment any time the card room is conducting gambling and during the count process. However, subject to subsection (4)<sup>2</sup> of this section, licensees may operate the surveillance room without staff:
  - (a) For routine breaks that are less than thirty minutes per shift; or
  - (b) When only nonhouse-banked card games are operated with wager limits of forty dollars or less and such limits are documented in their internal controls.

**9) WAC 230-15-190 Preparing card game records.**  
(The following subsection applies.)

- (1) Card game licensees must prepare all records in the format we require. Licensees must record the data in ink, on storage media, or in other permanent form.

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<sup>2</sup> (4) Ensure that any time a winning wager, a jackpot, or bonus pay out greater than three thousand dollars is won, they use pan-tilt-zoom (PTZ) cameras to verify: (a) Winning hands; and (b) Amounts of the wager; and (c) Amounts of the pay out; and (d) Players who won the prize.

Lucky Dragonz Casino extended credit to some patrons by giving them \$100 in chips in exchange for an \$80 buy-in for poker games, in violation of WAC 230-06-035. Lucky Dragonz Casino failed to keep a key control log despite a prior warning, in violation of WAC 230-15-645. The licensee did not disclose the prop players, who were not on payroll or licensed with the Gambling Commission, in violation of WAC 230-15-158. Lucky Dragonz Casino failed to complete a PSJ Accrual Record, in violation WAC 230-15-190. In addition, the licensee failed to follow the Internal Controls for soft count, in violation of WAC 230-15-425. Mr. Luu had signed cashier's cage records as the cage cashier for days when he was not present, in violation of WAC 230-15-750. Mr. Luu stated that no one had been in surveillance to monitor soft count, in violation of WAC 230-15-320. Lucky Dragonz Casino was previously warned about maintaining accurate key control logs, and has demonstrated willful disregard for complying with administrative rules. Therefore, grounds exist to suspend or revoke Lucky Dragonz Casino's licenses under RCW 9.46.075(1) and WAC 230-03-085(1) and (3).

#### IV.

On July 15, 2014, Commission staff received the licensee's request for a hearing. The licensee waives its right to a hearing, and the parties agree to settle this matter under the following terms:

1. The licensee's gambling license is hereby **suspended for a period of fifteen (15) days**, provided that:
  - a) **Five (5) days of the suspension shall not be currently served, but shall be deferred for a period of one year** from the date of entry of this Settlement Order, subject to the following:
    - The licensee must not violate the terms of this Settlement Order, or Washington's gambling statutes and/or regulations during the one (1) year term.
    - If the licensee violates the terms of this order, gambling statutes, or regulations, and if the violation is the type that warrants the filing of administrative or criminal charges, then the Director may impose a five (5) day suspension of the current gambling licenses and any subsequently acquired gambling license(s).
  - b) The parties agree that the Director of the Washington State Gambling Commission, pursuant to this settlement, has sole discretion to determine whether the licensee has violated any term of this settlement.
  - c) In the event the Director determines that a violation of this section or any other type of violation has occurred, he may suspend the license(s) issued to Lucky Dragonz Casino, by mailing or delivering a Notice of Administrative Charges to the licensee. The suspension shall be in addition to the consequences of the new violation. The licensee shall be afforded the opportunity to have a hearing on the alleged violations.
2. **The licensee has chosen to serve the remaining ten (10) days of the suspension.**
  - i. **The suspension period begins at 8:00 a.m. on Wednesday, October 15, 2014, and runs through Friday, October 24, 2014.**

- ii. During this period of suspension, no gambling activities shall take place at the licensed premises.
  - iii. The licensee may resume its gambling activities at 8:00 a.m. on Saturday, October 25, 2014.
- d) **The signed Settlement Order and payment must be received by Commission staff on or before October 8, 2014, and mailed to Commission Headquarters at the following address:**

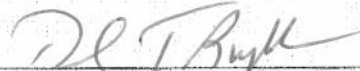
Washington State Gambling Commission  
Communications and Legal Division - Fines  
P.O. Box 42400  
Olympia, WA 98504-2400

Or delivered (in person or via private courier) to the following address:

Washington State Gambling Commission  
Communications and Legal Division  
4565 7<sup>th</sup> Avenue SE;  
Third Floor Reception  
Lacey, Washington

2) The licensee shall reimburse the Commission for the costs incurred in conducting a follow up inspection of the Player Supported Jackpot Accrual Record within thirty (30) days after receiving notice of the costs of such inspection. The follow up inspection shall not exceed ten hours and shall be made within six (6) months after the entry of this Order; this will allow the licensee additional time to ensure that it is complying with state gambling laws and rules.

DATED this 12 day of October, 2014.

  
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DAVID TRUJILLO, DIRECTOR



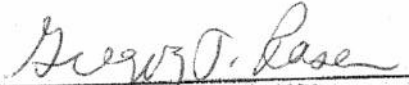
By its signature, the Licensee  
understands and accepts the terms  
and conditions of this Order.

APPROVED FOR ENTRY:




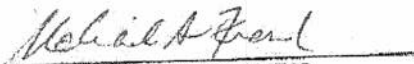
Norman Feirstein, CSBA #80023 (Date)  
Attorney  
Representing Lucky Dragonz Casino

APPROVED AS TO FORM:



Gregory J. Rosen WSBA #15870  
Assistant Attorney General  
Representing the Washington State  
Gambling Commission

  
Tom Luu, Owner  
Lucky Dragonz Casino 10/3/14 (Date)

  
Melinda Froud, WSBA #26792  
Staff Attorney  
Washington State Gambling Commission